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M/037/088

October 27, 1995

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *adg*

RE: Meeting Documentation, Summo USA Corporation (Summo), Lisbon Valley Project, M/037/088, (BLM UTU-72499; ML17661 & ML20569) San Juan County, Utah

Date of Meeting: October 26, 1995
Time of Meeting: 10:00 - 11:50
Location: DOGM offices, 3 Triad
Participants: Bob Prescott, Summo USA Corp., Moab Office; Pat Gochnour, consultant for Summo, Gochnour & Associates, Inc.; Will Stokes, School Institutional Trust Lands Administration (SITLA); Tom Munson, Lynn Kunzler, Tony Gallegos, DOGM

The meeting opened with a general overview of the permitting activities which have taken place to date or are currently under way. The proposed Plan of Operations (POO) dated August 8, 1995, has been submitted for review to the BLM, the Division and SITLA. Summo has contracted with a third party for completion of the EIS required by the BLM. A draft EIS is anticipated sometime in the spring of 1996 with the final EIS expected in the early fall of 1996. Summo would like to begin work by January 1997. Summo has contacted the Division of Water Quality regarding the design of the heap leach and processing facilities. Summo has also contacted the Division of Air Quality and the San Juan County government.

We next discussed the Division's permitting process and the Memorandum of Understanding (MOU) currently in place. A POO is categorized under the Division rules as a Large Mining Operation Notice of Intention. The permitting process for a Large Mining Operation requires the Division to publish a public notice and go through a 30-day public comment period after the permit has received tentative approval from the Division. Typically, there are two or more exchanges of information between the mine operator and the Division, before a proposal receives tentative approval. At the time of tentative approval, the Division is also required to notify the Resource Development and Coordinating Committee (RDCC) who reviews the project proposal within a 45-day time frame. If no comments of substance are raised during these two comment periods, the Division then presents the form and amount of reclamation surety proposed for the project to the Board of Oil, Gas and Mining at a monthly Briefing. After the Board grants their approval, the Division issues Final Approval of the project and the operator may begin work on the ground.



The Division, BLM and USFS are currently party to a MOU regarding locatable minerals. Under this MOU, the various agencies are to coordinate permitting actions in order to minimize duplication and attempt to work within the same time frames. When two or more agencies are involved with a permitting action, one agency is usually designated as the lead. The lead is usually established as the agency with the most land holdings involved in the project. In this case, the BLM manages the majority of the lands associated with the Lisbon Valley Project. This majority of holdings, combined with their requirements for an EIS, point to the BLM as the lead agency. There is currently no formal MOU between SITLA and the BLM. Because SITLA and the Division are both state agencies, we have continued to act in the spirit of the MOU in effect prior to the creation of SITLA.

The permit requirements for leases on state lands (now handled by SITLA) were discussed. Will explained that SITLA would route any permit comments through the Division to be included as part of the Division's review of the proposal. As part of the state mineral lease agreement, Summo may be required to post a surety with SITLA which would cover the costs of reclamation, plus other amounts for rental and royalty. Typically, SITLA has required \$5,000 per acre as a surety for mineral leases. Because this project involves three different types of land ownership (BLM, state and patented) with the smaller fraction being state land, SITLA may not require a surety based on \$5,000 per acre. It is also possible that SITLA may require a separate surety which covers only the rental and royalty contingencies associated with the lease.

Because this project does involve the three land types, the Division will probably be the agency to hold the reclamation surety covering reclamation costs for the entire project. The decision of who would hold the surety will still need to be determined, but in any case, the surety would need to jointly list the BLM and Division. Preferably, one surety could be posted which would satisfy all three agencies.

We discussed the deficiencies in the POO according to the Division's Minerals Rules for Large Mining Operations. The POO is a general overview of the project proposal. A number of baseline studies are referred to in the POO as currently being performed or recently completed. It is likely that these studies and the EIS would contain the information needed to satisfy the Division's deficiencies. Several of the Minerals staff have briefly reviewed the proposal and had general comments on the deficiencies. To resolve these deficiencies, Summo could provide supplemental information to the Division, or wait until the EIS document was completed and use it to respond to the deficiencies. Because the Division's rules are not subject to the NEPA process, it is likely that a majority of the Division's permitting requirements could be satisfied prior to the final EIS. If desirable, Summo could provide the Division with the supplementary permitting information while the draft EIS is being prepared. The Division would coordinate the permit review with the BLM by copying the permitting correspondence to the appropriate BLM staff. This approach could satisfy a large number of the Division's deficiency concerns; however, there will be a number of permitting issues which will not be resolved until the final EIS is complete. One such item will be the amount of reclamation surety required for the project. This amount cannot be finalized until the final reclamation plan is agreed upon, which

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will probably not happen until the final EIS is out. There will probably be a number of other permitting issues which will require consensus approval from the various agencies involved.

The meeting concluded with the following understandings:

- Summo will review the Division's draft comments and Large Mining Operations rules in order to prepare supplemental information which would satisfy the Large Mining Operations Notice of Intent requirements. This supplemental information is anticipated to be submitted within two months.
- The Division will not generate a letter of formal review for the August 1995 POO. The Division will suspend the review of this proposal until the supplemental information is submitted.
- Summo will coordinate with Will Stokes of SITLA regarding surety requirements under state mineral leases.
- SITLA will route any mining and reclamation permit concerns through the Division.

A copy of this meeting documentation will be sent to Summo, SITLA, and the BLM.

jb
cc: Bob Prescott, Pat Gochnour; Summo
Wil Stokes, SITLA
Sal Venticinque, BLM Grand Resource Area
Wayne Hedberg, DOGM (route)
summo.mem